



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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J. TYLER McCAULEY  
AUDITOR-CONTROLLER

WENDY L. WATANABE  
CHIEF DEPUTY

December 7, 2007

TO: Supervisor Yvonne B. Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky,  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich  
*[Signature]*  
FROM: J. Tyler McCauley  
Auditor-Controller

SUBJECT: **CITY OF PASADENA - FOOTHILL WORKFORCE INVESTMENT  
BOARD CONTRACT – A COMMUNITY AND SENIOR SERVICES  
WORKFORCE INVESTMENT ACT PROGRAM PROVIDER**

We have conducted a program, fiscal and administrative contract review of the City of Pasadena - Foothill Workforce Investment Board (Foothill or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

**Background**

CSS contracts with Foothill, a government agency to provide and operate the WIA Youth, Adult and Dislocated Worker Programs. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. Foothill's office is located in the Fifth District.

Foothill is compensated on a cost reimbursement basis. Foothill's contract was for \$264,469 for Fiscal Year 2006-07.

**Purpose/Methodology**

The purpose of the review was to determine whether Foothill has complied with its contract terms and appropriately accounted for and spent WIA funds in providing

*"To Enrich Lives Through Effective and Caring Service"*

services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a selected number of the Agency's staff and clients.

### **Results of Review**

The participants/guardians interviewed stated that the services they received met their expectations. In addition, Foothill's expenditures were allowable, accurately billed and supported by documentation as required. However, Foothill did not always comply with all WIA and County contract requirements. For example:

- The Individual Employment Plans that Foothill completed for the 12 Adult and Dislocated Worker Program participants sampled did not contain the participants' Personal Strength Inventory as required.
- Foothill did not discuss the Individual Services Strategy plans with four (57%) of the seven Youth Program participants sampled on a monthly basis.
- Foothill did not always complete monthly bank reconciliations timely.

Details of our review, along with recommendations for corrective action, are attached.

### **Review of Report**

We discussed our report with Foothill and CSS on November 1, 2007. In their attached response, Foothill concurred with our findings and recommendations.

We thank Foothill for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

- c: William T Fujioka, Chief Executive Officer  
Cynthia Banks, Director, Department of Community and Senior Services  
Phillip L. Dunn, Executive Director, City of Pasadena - Foothill Workforce  
Investment Board  
Public Information Office  
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM  
CITY OF PASADENA - FOOTHILL WORKFORCE INVESTMENT BOARD  
FISCAL YEAR 2006-07**

**ELIGIBILITY**

**Objective**

Determine whether the City of Pasadena - Foothill Workforce Investment Board (Foothill or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

**Verification**

We reviewed the case files for 19 (35%) of the 55 program participants (five from the Adult Program, seven from the Dislocated Worker Program and seven from the Youth Program) that received services between July 2006 and February 2007 for documentation to confirm their eligibility for WIA services.

**Results**

All 19 participants sampled met the eligibility requirements of the WIA Programs.

**Recommendation**

**There are no recommendations for this section.**

**BILLED SERVICES/CLIENT VERIFICATION**

**Objective**

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

**Verification**

We reviewed the documentation contained in the case files for 19 (35%) participants that received services during July 2006 and February 2007. We also interviewed nine participants/guardians.

**Results**

The nine participants interviewed stated that the services received met their expectations.

**Adult and Dislocated Worker Programs**

None of the 12 Individual Employment Plans (IEPs) for the Adult and Dislocated Worker participants sampled included the participants' "Personal Strengths and Skills Inventory" as required by the WIA guidelines. The IEP is an on-going plan, jointly developed by the participant and the case manager that identifies the participants' employment goals, achievement objectives and the services needed to achieve their employment goals. This finding was also noted in the prior year's monitoring report.

**Youth Program**

None of the seven Individual Services Strategy (ISS) plans for the Youth participants sampled identified the participants' goals or service plans. In addition, Foothill did not discuss the ISS plans on a monthly basis with four (57%) of the seven Youth participants sampled as required by WIA guidelines. The ISS plan is used to track the needs and services of the program participants and their progress towards achieving established goals. These findings were also noted in the prior year's monitoring report.

**Recommendations****Foothill management:**

- 1. Ensure that staff complete the Individual Employment Plans for the Adult and Dislocated Worker participants.**
- 2. Ensure that staff complete and review the Individual Services Strategy plan with the Youth participants on a monthly basis.**

**CASH/REVENUE****Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

**Verification**

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's November 2006 bank reconciliation.

**Results**

Foothill maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner. However, Foothill did not always complete the bank reconciliations within 30 days of the bank statement date as required by the County contract. For example, as of February 2007, Foothill had not completed the December 2006 bank reconciliation.

**Recommendation**

3. Foothill management ensure that the bank reconciliations are completed within 30 days of the bank statement date.

**EXPENDITURES/PROCUREMENT****Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

**Verification**

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 19 non-payroll expenditure transactions billed by the Agency for August 2006, totaling \$5,935.

**Results**

Foothill's expenditures were allowable, accurately billed to CSS and supported by documentation as required.

**Recommendation**

There are no recommendations for this section.

**INTERNAL CONTROLS/CONTRACT COMPLIANCE****Objective**

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

**Verification**

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

**Results**

Foothill maintained sufficient internal controls over its business operations.

**Recommendation**

There are no recommendations for this section.

**FIXED ASSETS AND EQUIPMENT****Objective**

Determine whether Foothill's fixed assets and equipment purchases made with WIA funds are used for the WIA program and are properly safeguarded.

**Verification**

We interviewed Agency personnel and reviewed the Agency's equipment and inventory listing. In addition, we performed a physical inventory and reviewed the usage of all four (100%) items funded by WIA funds, totaling \$3,600.

**Result**

Foothill used the items purchased with WIA funding for the WIA program and the inventory was safeguarded.

**Recommendation**

There are no recommendations for this section.

**PAYROLL AND PERSONNEL****Objective**

Determine whether payroll is appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

**Verification**

We traced the payroll expenditures invoiced by the Agency totaling \$9,607 for six employees payroll records and time reports for October 2006. We also interviewed one staff and reviewed personnel files for five staff assigned to the WIA program.

**Results**

Foothill appropriately charged payroll expenditures to the WIA program. In addition, the personnel files were maintained as required.

**Recommendation**

There are no recommendations for this section.

**COST ALLOCATION PLAN****Objective**

Determine whether Agency's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the plan to appropriately allocate shared program expenditures.

**Verification**

We reviewed the Agency's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in August 2006 to ensure that the expenditures were properly allocated to the Agency's programs.

**Results**

Foothill's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

**Recommendation**

There are no recommendations in this section.

**CLOSE-OUT REVIEW****Objective**

Determine whether the Agency's Fiscal Year (FY) 2005-06 final close-out invoice reconciled to the Agency's financial accounting records.

**Verification**

We traced the Agency's FY 2005-06 general ledger to the Agency's final close-out invoice. In addition, we reviewed a sample of expenditures incurred in June 2006.

**Results**

Foothill's FY 2005-06 general ledger reconciled to the Agency's FY 2005-06 final close-out invoice.

**Recommendation**

There are no recommendations for this section.

**PRIOR YEAR FOLLOW-UP****Objective**

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

**Verification**

We verified whether the outstanding recommendations from FY 2005-06 monitoring review were implemented. The report was issued in November 2006.

**Results**

The prior year's monitoring report contained 16 recommendations. At the time of our review, Foothill had implemented 13 recommendations. As previously indicated, the findings related to Recommendations 1 and 2 contained in this report were also noted during the prior year's monitoring review. The remaining recommendations required the Agency to repay CSS \$3,270. On November 1, 2007, Foothill management submitted additional documentation to CSS to support the \$3,270.

**Recommendations**

4. Foothill management implement the outstanding recommendations addressed in this report.
5. CSS management ensure that the additional documentation submitted by the Agency adequately supports the \$3,270 in expenditures reported in the prior year's monitoring report.





The Workforce Partnership of Arcadia, Duarte, Monrovia, Pasadena, Sierra Madre, and South Pasadena

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WORKFORCE INVESTMENT BOARD

Chair:  
Anthony P. Tartaglia  
The Gas Company

Executive Director:  
Phillip L. Dunn

POLICY BOARD  
Chair:  
Joyce Sireator  
City of Pasadena

November 16, 2007

J. Tyler McCauley, Auditor-Controller  
Department of Auditor-Controller  
Countywide Contract Monitoring Division  
1000 S. Fremont Avenue, Suite #51  
Alhambra, CA 91803  
Attention: Yoon Bae

Re: **RESPONSE TO MONITORING REPORT**

*This letter will respond to the draft monitoring report of the Foothill WIB's WIA programs with the County. We will provide a response to each of the report's recommendations.*

1. **Ensure that staff complete the IEP for Adult and Dislocated Worker participants.**

Foothill currently uses its own IEP. Foothill will develop a revised IEP to include all components in the County's IEP. Files will be audited by assigned staff to ensure all IEPs are complete. A policy statement has been issued to staff regarding the completion of the ISS and IEP.

Training will be provided to staff regarding these County requirements.

2. **Ensure that staff complete and review the ISS Plan with the youth participants on a monthly basis.**

The Foothill Youth Coordinator shall be assigned to review 1) all County ISS documents to ensure that they are completed, and 2) all County youth files to ensure that there is evidence that monthly reviews are being conducted.

Training will be provided to appropriate staff as to these County requirements.

**3. Foothill management ensure that the bank reconciliations are completed within 30 days of the bank statement date.**

The City of Pasadena's Treasury Department prepares the City General Account Bank Reconciliation on an average of 45 days, since all bank statements are not received until the 10<sup>th</sup> to 15<sup>th</sup> business day after the end of the month. The General Account has multiple transactions that are processed through this account and are verified on a daily basis during our daily cash flow analysis. The WIA funds received from the County are wired into the City bank account and are verified when received on a daily basis. The City Treasury Department does a daily reconciliation of funds received and are then given to Accounts Receivable to record on the date it was received. Prior to preparing the Bank Reconciliation, the WIA funds have been verified as being received and recorded to our accounting system.

If necessary, the City will request a waiver of the County's 30-day policy.

**4. Implement the outstanding recommendations addressed in this report.**

The outstanding issues from the previous report are the same as those in Recommendations 1 and 2 above and are addressed above.

**5. Ensure that the additional documentation submitted adequately supports the \$3,270 in unsupported expenditures reported in prior year's monitoring report.**

At the November 1, 2007 meeting where the County's report was discussed, we gave complete documentation to Yoon Bae of the County's Department of Auditor-Controller and to Herberto Sanchez of the County's Community and Senior Services Department.

We believe that our responses satisfactorily address the findings contained in your draft report.

We would like to thank your staff for the professional manner in which they conducted their review.

If you have any questions, please call Steve Chase at 626-584-8394.

Sincerely,

*Phillip L. Dunn*

Phillip L. Dunn  
Executive Director

PLD:SLC